

**ILLINOIS COMMERCE COMMISSION**

**DOCKET NO. 01-0516**

**REBUTTAL TESTIMONY**

**OF**

**PAUL J. NAUERT**

**Submitted On Behalf**

**Of**

**UNION ELECTRIC COMPANY**

**d/b/a AmerenUE**

**October 11, 2001**

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**1. Q. Please state your name and business address.**

**A.** My name is Paul J. Nauert, Ameren Services Company, One Ameren Plaza,  
1901 Chouteau Avenue, St. Louis, Missouri 63166-6149.

**2. Q. By whom are you employed?**

**A.** I am employed by Ameren Services as Manager, Electrical Engineering and  
Transmission Planning in the Energy Delivery Technical Services function.

**3. Q. Please summarize your educational background, work experience, current  
duties and responsibilities and professional affiliations.**

**A.** I graduated Summa Cum Laude from the University of Missouri at Rolla in 1978  
with a Bachelor of Science in Electrical Engineering. I continued my studies at  
Purdue University graduating in 1980 with a Master of Science in Electrical  
Engineering, specializing in Power Engineering. I then began my career with  
Union Electric Company. My present responsibilities include managing the  
following activities: transmission planning; transmission line and substation

design; distribution and customer substation design; generation connection to the transmission system; system protection for all the design responsibilities above, as well as generator protection, some power plant auxiliaries, and distribution feeders; and transmission service analysis and scheduling. I am currently Ameren's representative on the following committees: the North American Electric Reliability Council's Operating Committee, Transmission Subcommittee; the Association of Edison Illuminating Companies' Committee On Electrical and Protection Apparatus; the Alliance Regional Transmission Organization Planning Technical Advisory Committee; and Network Customer Operating Committees. I am a registered Professional Engineer in Missouri.

**4. Q. What is the purpose of your rebuttal testimony?**

**A.** The purpose of my rebuttal testimony is to respond to the testimony of Staff witness David Borden regarding his transmission related concerns.

**5. Q. Please summarize Mr. Borden's transmission related concerns, as you understand them, and provide your overall response.**

**A.** Mr. Borden expresses his opinion that Ameren is discouraging additional non-affiliated generation. He then appears to imply (at line 206) that such alleged conduct aggravates existing constraints, and that it is anticompetitive and discriminatory. I strongly disagree with Mr. Borden's contentions. Ameren takes very seriously its requirements under the open access rules of the Federal Energy Regulatory Commission and under applicable Illinois law. Under FERC's open

47 access requirements, Ameren and other transmission providers must allow  
48 non-discriminatory access to their transmission systems, including physical access  
49 by allowing generators to interconnect with those systems. It is our policy not to  
50 discriminate against any generator, and we have had in place for some time a  
51 FERC approved process for responding to interconnection requests from potential  
52 generators in a fair and equitable manner. This is set forth in Attachment J to the  
53 Ameren Open Access Transmission Tariff. Further, it is Ameren's policy to treat  
54 its affiliated generators in a way that is comparable to the way that we treat  
55 non-affiliated generators.

56  
57 Mr. Borden has provided his opinion on this topic. He appears to base his opinion  
58 on two points: first, the comments of one disgruntled supplier which previously  
59 requested connection to the Ameren transmission system, and second, on Staff's  
60 disagreement with Ameren's proposed tariff for delivery services for self  
61 generation pending in Docket No. 00-0802. As discussed below, I do not agree  
62 with either of the foundational points supporting his opinion. However, even if  
63 those points were both accurate, they do not support the opinion that Ameren  
64 discourages non-affiliate generation. Mr. Borden ignores, or is unaware of, the  
65 fact that several non-affiliated generators have connected to the Ameren system  
66 and have successfully constructed generation. Specifically, the generation  
67 capacity upgrades and new generation connections to Ameren's system that have  
68 either been placed in-service, or that are under design or construction, represent  
69 about a 43% increase over that already in-service in 1996, the last year prior to

70 open access. About half of this new generation is now in-service, half of which is  
71 owned and operated by non-affiliated generators. When one includes generation  
72 projects under development, non-affiliates either have developed or are  
73 developing about two thirds of the total amount of such new generation.  
74 Consequently, more new generation that has connected, and is expected to  
75 connect, to the Ameren system has come from non-affiliates than from affiliates.  
76 This shows that Ameren's process is neither anti-competitive nor discriminatory.  
77

78 **6. Q. Please discuss the first point which Mr. Borden makes concerning his claim**  
79 **about the ability to interconnect to the Ameren grid that is afforded to**  
80 **non-affiliated generators (at line 194).**

81 Mr. Borden references a meeting between Staff and a non-affiliated developer to  
82 discuss its concerns with locating a large generating plant in Ameren's control  
83 area in Illinois. I do not know which generator Mr. Borden is referring to, but I  
84 was involved in one such meeting with the Staff and a generation developer. I  
85 would like to present Ameren's side of the story. This developer's requests were  
86 handled consistently with all other requests in accordance with the procedure set  
87 forth in Attachment J of the Ameren OATT. Shortly after receiving this  
88 developer's original request, its representatives started asking questions and  
89 pressing for results that were well out of sequence with others whose  
90 interconnection requests had been submitted earlier in time, and thus which were  
91 ahead of this particular developer in the "queue". We called them, met with them,  
92 and explained the study and queue process. At some point, they chose to

informally complain to the Commission. Ameren, this developer, and Staff met on September 26, 2000 at the Commission's offices in Springfield to review the situation. At the conclusion of this meeting, we all agreed to the next steps to proceed on their requests. Ameren did so, and our records show that this developer was in fact not ready to proceed. They repeatedly failed to provide information, responses, and authorizations that were required to meet the schedule they had claimed they wanted. Further, they delayed meetings and requested delays to their in-service dates.

In this context, Mr. Borden refers to Ameren's process for obtaining an interconnection study and contends that it was, at best, cumbersome. I do not agree that Ameren's process for completing an interconnection study is cumbersome. I would first note that it has been accepted by the FERC as a part of Ameren's OATT. (Docket No. ER99-4226) Also, in my experience generation developers generally agree that it is both reasonable and prudent to perform an interconnection study, and that it provides a key input to their decision-making concerning a project. It is consistent with the practice of transmission providers throughout the country. Further, the fact that more than 25 different developers have submitted to Ameren a large number of requests totaling many times the existing generation capacity, and also the fact that their studies have progressed accordingly, shows that the process is both accommodating and reasonable. In fact, several developers have complimented Ameren on our process and their experience with us. Finally, as stated above, a considerable amount of generation

has made its way through this process and is now in-service. Clearly, this process is not cumbersome.

**7. Q. Please discuss Mr. Borden's second point.**

**A.** Mr. Borden contends that Ameren's proposed tariff for self-generation for retail customers taking delivery services is discriminatory (Rider SG). Although I was not involved in the development of Rider SG, I am able to make several observations. First, this tariff is pending before the Commission in Docket No. 00-0802. An Order has not been issued in that Docket. Therefore, Rider SG has not taken effect and its status is undetermined. Something that has not taken effect should have no impact at all on anything, and thus should not be viewed as aggravating an existing constraint or constituting anticompetitive behavior. Further, there was just issued a proposed order in docket no. 00-0802 rejecting Staff's position that Rider SG was discriminatory.

Mr. Borden is in effect assuming that the Commission will ultimately agree with Staff that Rider SG is discriminatory. Even if the Commission ultimately rules in Staff's favor on Rider SG, I do not believe it has any applicability to Ameren's request for a Certificate in this case. In particular, I would like to note that Rider SG is intended to apply to large retail customers that have elected to take delivery service from Ameren, and that have substantial load for which self generation is installed for peak shaving purposes. Therefore, Rider SG would apply to customers which are already connected to the Ameren electrical system

139 and which are already receiving substantial amounts of electricity for their  
140 business operations. As a result, this is not generation which is typically exported  
141 for sale onto the Ameren transmission system. Instead, it is used by the customer  
142 on its premises. Therefore, such self-generation could not serve as a substitute for  
143 the proposed combustion turbine for Venice. As a result, it is my view that it has  
144 no relevance to the Company's request for a Certificate for the Venice  
145 Combustion Turbine in this case.

146  
147 **8. Q. Are there any other aspects of Mr. Borden's testimony with which you**  
148 **disagree?**

149 **A.** Yes. At line 41 Mr. Borden contends that "The Company's petition asserts that  
150 the Ameren transmission system is currently inadequate to comply with the  
151 reliability guidelines of the Mid American Interconnected Network ("MAIN")".  
152 In fact, AmerenUE's petition (at paragraph 3) made a different point, related to  
153 generation and not to transmission: "Without the additional capacity from the  
154 proposed [combustion turbine], the Petitioner's reserve margin would soon drop  
155 below the level necessary to maintain a reasonable degree of service reliability" as  
156 required by MAIN. In any case, even when there are limitations in a transmission  
157 system—as there are in all systems—it is not correct to conclude from this that a  
158 particular transmission system is "currently inadequate" as Mr. Borden contends.  
159 Ameren's transmission system has supplied, and continues to supply, its  
160 customers with a high degree of reliability. I strongly disagree with Mr. Borden's  
161 contention that Ameren's system is "currently inadequate".



162  
163 **9. Q. At line 47 Mr. Borden states “The Company does not approve literally tens**  
164 **of thousands of requests for transmission service on an annual basis, thus it**  
165 **is reasonable to conclude that their transmission system is inadequate to**  
166 **support retail transactions (that originate from outside and within the**  
167 **Ameren control area) in the restructured electric market.” Please respond.**

168 **A.** While it is true that many thousands of transmission service requests made to  
169 Ameren have been refused, tens of thousands have also been accepted, and the  
170 majority of these have subsequently been confirmed by open access transmission  
171 customers. These accepted requests are a testament to the fact that there is indeed  
172 legitimate open access to the transmission grid. Thus far, well less than 1% of  
173 transmission service requests are for retail access, and the vast majority of these  
174 have been withdrawn by the customers. Of those remaining, far more have been  
175 confirmed than refused, but the activity is much too small to reach a meaningful  
176 conclusion on transmission system adequacy for retail access purposes. Ameren  
177 will stand on its record as a reliable and reasonably priced supplier. Ameren  
178 continues to plan the transmission system so as to reliably serve our customers.  
179 We do so using appropriate data inputs, time proven study techniques, and well-  
180 reasoned decision making.

181  
182 We look forward to working with the Commission Staff regarding justified  
183 transmission projects. Where necessary and appropriate, we hope to have Staff’s

continued support in the way of expedited approvals for certificates of convenience and necessity for transmission projects.

**10. Q. Are you asking the Commission to make any ruling in this docket on the transmission related concerns which Mr. Borden has raised, and to which you have responded?**

**A.** No. We are not asking for any ruling on these transmission issues. We do not believe that Mr. Borden's concerns are germane to whether AmerenUE should receive a certificate for the Venice CTG. Thus, we do not believe that any ruling on these concerns is necessary at this time. We simply wanted an opportunity to respond to Mr. Borden's transmission related concerns set forth in his testimony.

**11. Q. Does this conclude your rebuttal testimony?**

**A.** Yes, it does.